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March 1, 2006

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**VIA HAND DELIVERY**

The Honorable Gregory M. Sleet  
United States District Court  
for the District of Delaware  
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***Re: City of Tacoma v. WorldGate Communications, Inc.  
C.A. No. 05-62-GMS***

Dear Judge Sleet:

The parties submit this Interim Status Report pursuant to paragraph 7 of the Court's Scheduling Order.

1. **Status of Discovery**

The parties have exchanged initial disclosures and written discovery requests and responses. The parties anticipate exchanging documents shortly and scheduling the majority of depositions during the month of March. Pursuant to a stipulation approved by the Court, the parties postponed the deadlines for exchange of initial and rebuttal expert disclosures until March 24, 2006, and April 21, 2006, respectively.

2. **Pending Motions**

Currently pending before the Court is Plaintiff's Motion to Dismiss Count III of Defendant's Counterclaim, which is an unjust enrichment claim. Briefing on the motion was completed on December 9, 2005. There are no other matters which require the Court's attention at this time.

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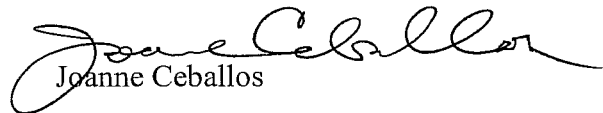
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3. Mediation

Magistrate Judge Thyng has scheduled this case for mediation on October 3, 2006, a little less than a month before the case is currently scheduled for trial, on October 30, 2006. The Magistrate advised the parties that the case is third in line to fill a tentative opening on her calendar on June 9, 2006, if such opening occurs. The parties had hoped there would be an opportunity to mediate the case before incurring a significant amount of expense in the litigation, but it appears that the soonest that Court-sponsored mediation will occur is after the close of discovery or, more likely, after summary judgment briefing has concluded. The parties are exploring the possibility of arranging some form of private alternative dispute resolution before the close of discovery at the end of April.

Counsel for the defendant has reviewed and approved this interim status report. The parties are available at the Court's convenience should Your Honor have any questions.

Respectfully,

  
Joanne Ceballos

cc: Clerk of the Court (via electronic mail)  
John F. Schultz, Esquire (via electronic mail)  
Michael P. Kelly, Esquire (via electronic mail)